

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7354**

**BILL NUMBER:** HB 1780

**NOTE PREPARED:** Jan 13, 2007

**BILL AMENDED:**

**SUBJECT:** Legislative Compensation Commission.

**FIRST AUTHOR:** Rep. Harris E

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes the Legislative Compensation Commission. The bill authorizes the Commission to adopt rules to fix the compensation of members of the General Assembly. The bill provides that the General Assembly retains authority to set legislative compensation by statute and to void a compensation rule of the Commission. The bill also requires the Commission to meet before December 1, 2008, to fix the compensation of members of the General Assembly. The bill provides for the expiration of the current statutes fixing legislative salary and legislative pensions on January 1, 2011.

The bill also provides that statutes that provide group insurance benefits for members of the General Assembly do not apply to members covered by an insurance plan adopted by the Commission.

This bill also repeals the statute that establishes the Public Officers Compensation Advisory Commission.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The creation of the Legislative Compensation Commission (LCC) will increase the expenditures of the Legislative Services Agency (LSA). The increase in expenditures will be offset by the repeal of the Public Officers Compensation Advisory Commission (POCAC).

This bill could also impact state expenditures to the extent that the LCC adopts rules changing the compensation for members of the General Assembly. The bill requires the LCC to adopt final rules fixing the compensation of legislators not later than December 1, 2008. This final rule requirement is made necessary by the provisions in the bill inserting expiration dates in the current statutes setting compensation and retirement benefits for legislators. The impact of these provisions is indeterminable and will ultimately

depend upon the difference between the compensation and possible benefits recommended by the LCC versus the current statutory compensation and benefits for legislators.

Under the bill, if a legislator is covered by an insurance plan set forth by the LCC, the member may not also be covered under the state employee health benefit system (IC 5-10-8-1.1). The bill also expressly provides that the General Assembly may choose to: (1) void an LCC rule; or (2) fix any element of compensation by statute.

*Background:* The LCC is to be made up of 8 members appointed 2 each by the Speaker of the House, Minority Leader of the House, the President Pro Tempore of the Senate, and the Minority Leader of the Senate. The POCAC has 9 members, 2 each appointed by the same four legislative leaders, plus a member appointed by the Chief Judge of the Supreme Court.

The current salary for a legislator is \$11,600 per year.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Legislative Services Agency.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.